

FISCAL MEMORANDUM

SB 611 – HB 653

April 4, 2008

SUMMARY OF AMENDMENT (015142, 016339):

Amendment 015142 deletes the language of the original bill; adds new language that makes multiple changes to the lottery scholarship program including, but not limited to, changes applicable to non-traditional students; home-schooled students; students who are dependents of military parents; students who are dependents of religious workers; academic eligibility requirements for HOPE scholarships; income eligibility requirements for HOPE Access grants, ASPIRE awards, and HOPE scholarships for non-traditional students; HOPE Foster Child Tuition grants; and Wilder-Naifeh technical skills grants for non-traditional students. Requires the Department of Education (DOE) to develop and implement the General Assembly Civic Education Scholarship program to promote and encourage civic learning and good citizenship. Creates the Tennessee Quality Teacher Fellowship (TQTF) program consisting of the TQTF fifth-year scholarship and the TQTF college scholarship for students wanting to become teachers. Authorizes the Tennessee Student Assistance Corporation to promulgate rules and regulations for the TQTF program. Requires the Comptroller to report on the TQTF program. Amendment 016339 requires HOPE scholarship students to maintain a cumulative 2.75 grade point average to continue receiving the HOPE scholarship at each renewal benchmark.

FISCAL IMPACT OF ORIGINAL BILL:

Other Fiscal Impact – Increases the expenditure of lottery proceeds earmarked for scholarships and grants by \$34,603,200 in FY07-08 and by \$38,062,000 in FY08-09.

There is included in the Governor's FY2007-08 Recommended Budget the amount of \$9,300,000 from recurring lottery for education revenues for the increase in the base HOPE Scholars award levels. The amounts will increase from \$3,800 to \$4,000 at four-year schools and from \$1,900 to \$2,000 at two-year schools. Other awards, which are based on the HOPE award levels, will increase accordingly.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Other Fiscal Impact – Increases the expenditure of lottery proceeds earmarked for scholarships and grants by \$34,586,500 in FY08-09 and by \$33,591,800 in FY09-10 and each succeeding fiscal year.

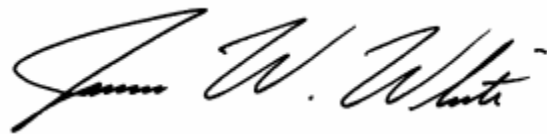
Assumptions applied to amendment:

- Changing the home-school requirement from two years to one year – first year costs are estimated to be \$400,000 (100 students); second year costs are estimated to be \$440,000 (110 students).
- Changes applicable to the HOPE Foster Child Tuition grant – first year costs are estimated to be \$50,000 (35 students); second year costs are estimated to be \$50,000 (35 students).
- Changes applicable to non-traditional students being eligible for the HOPE Scholarship – first year costs are estimated to be \$3,000,000 (1,772 students); second year costs are estimated to be \$3,000,000 (1,772 students).
- Changes applicable to non-traditional students being eligible for the Wilder-Naifeh Technical Skills grant – first year costs are estimated to be \$2,227,500 (1,737 students); second year costs are estimated to be \$2,227,500 (1,737 students).
- Changing the HOPE continuation requirement from 120 semester hours to five years or degree – first year costs are estimated to be \$2,880,000 (720 students); second year costs are estimated to be \$2,880,000 (720 students).
- Retroactive provision for FY07-08 students who lost HOPE awards because of the attempted hours provision – one-time costs for FY08-09 are estimated to be \$1,600,000 (800 students).
- Changes applicable to dependents of religious workers – first year costs are estimated to be \$120,000 (30 students); second year costs are estimated to be \$132,000 (33 students).
- Authorization for students attending two-year institutions with on-campus housing to be eligible for \$4,000 HOPE award – first year costs are estimated to be \$226,000 (113 students); second year costs are estimated to be \$248,000 (124 students).
- Authorization for students to retain HOPE scholarships with a 2.75 grade point average at each renewal benchmark – first year costs are estimated to be \$17,468,000 (4,164 students); second year costs are estimated to be \$17,817,300 (4,247 students).

- The Tennessee Quality Teacher Fellowship (TQTF) program – first year costs are estimated to be \$3,675,000 (405 students); second year costs are estimated to be \$3,865,000 (443 students).
- Changes applicable to dependent children of military members with retroactive provision to FY04-05 – First year costs are estimated to be \$800,000 (200 students); second year costs are estimated to be \$440,000 (110 students).
- The General Assembly Civic Education Scholarship program – no additional costs in FY08-09 because the first year such scholarships are awarded is FY09-10. Costs for FY09-10 are estimated to be \$132,000 (132 students).
- Authorization for students to be eligible for HOPE scholarships when parents relocate out of state – first year costs are estimated to be \$400,000 (100 students); second year costs are estimated to be \$440,000 (110 students).
- Increasing the adjusted gross income requirement from \$36,000 to \$39,000 for ASPIRE awards, HOPE Access grants, and HOPE scholarships for non-traditional students – first year costs are estimated to be \$1,740,000 (1,150 students); second year costs are estimated to be \$1,920,000 (1,280 students).
- The total increase of expenditures from lottery proceeds is estimated to be \$34,586,500 in FY08-09.
- The total increase of expenditures from lottery proceeds is estimated to be \$33,591,800 in FY09-10.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director

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